



BOARD MEETING

Knoxville, Tennessee

December 30, 2014

COMMITTEE
**FINANCE, RATES,
AND PORTFOLIO**



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FINANCE, RATES, AND PORTFOLIO COMMITTEE

SHAWNEE FOSSIL PLANT UNITS 1 AND 4



DECEMBER 30, 2014

Background

- 2011 EPA Consent Decree requires TVA to either:
 1. Install additional emissions controls (scrubbers and SCRs) on Shawnee Units 1 and 4 by December 31, 2017, TVA; or
 2. Retire Shawnee Units 1 and 4 by December 31, 2017
- TVA must notify the EPA and other parties of TVA's decision by December 31, 2014
- Shawnee Units 2,3,5,6,7,8, and 9 are not subject to the EPA Consent Decree

Background

- Shawnee Units 1 and 4 total 268 megawatts
- Located close to Paducah, Kentucky
- Units are small, flexible, and provide regulation service similar to intermediate gas units
- Shawnee consistently demonstrates favorable EFOR and EAF performance
- Dispatch costs are low relative to other units
- Low transportation cost for PRB and other western coals

Review

- A system study and an Environmental Assessment (EA) were completed
- TVA has solicited public input on the decision regarding Shawnee Units 1 and 4

Review

- Risks and benefits considered as part of the final recommendation:
 - Cost-effectiveness using statutory least-cost planning principles
 - Environmental impacts
 - Portfolio flexibility
 - Portfolio fuel diversity
 - Regional impacts, including impacts to employees and the community

Recommendation

- Authorize the installation of scrubbers on Units 1 and 4 at the Shawnee Fossil Plant to reduce sulfur dioxide emissions and installation of selective catalytic reduction technology (SCRs) to reduce nitrogen oxide emissions and approve a \$185 million capital budget for installation of these controls



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